

TOWN OF DAVIE TOWN COUNCIL AGENDA REPORT

TO: Mayor and Councilmembers

FROM/PHONE: Chris Wallace/797-1050

SUBJECT: Ordinance Amending Police Pension Plan Benefits

TITLE OF AGENDA ITEM:

AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE POLICE PENSION PLAN TO PROVIDE FOR A COST OF LIVING ADJUSTMENT; PROVIDING FOR A NORMAL RETIREMENT DATE FOR MEMBERS WHO HAVE COMPLETED FIFTEEN YEARS OF SERVICE ON THE ANNIVERSARY OF THE DATE THE MEMBER WOULD HAVE COMPLETED TWENTY YEARS OF SERVICE; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

REPORT IN BRIEF:

During the last FOP contract negotiations, the Town extended a COLA benefit, effective in 2004, for participants of the plan. The Pension Board has also been extending benefits to participants absent authorizing language within the plan to allow participants to elect to receive reduced retirement benefits prior to the early retirement date provided within the plan.

PREVIOUS ACTIONS:

The Council previously authorized changes to the Police Pension Plan in December 2000 in order for the plan to comply with changes in State Law. This ordinance is not related to those amendments though those amendments have been considered in review of these proposed changes.

CONCURRENCES:

We recommend adoption of the Ordinance, subject to receipt of an actuarial impact statement from the Board's actuary on the estimate of the changes for both the COLA and the change in the retirement date.

FISCAL IMPACT:

Has request been budgeted? yes

 If yes, expected cost: \$500,000 per year

 Account Name: Police Retirement Account

 If no, amount needed: \$

 What account will funds be appropriated from:

Additional Comments:

RECOMMENDATION(S):

We recommend adoption of the Ordinance, subject to receipt of an actuarial impact statement from the Board's actuary on the estimate of the changes for both the COLA and the change in the retirement date.

Attachment(s):

Ordinance

ORDINANCE NO.

AN ORDINANCE OF THE TOWN OF DAVIE, FLORIDA, AMENDING THE TOWN OF DAVIE POLICE PENSION PLAN TO PROVIDE FOR A COST OF LIVING ADJUSTMENT; PROVIDING FOR A NORMAL RETIREMENT DATE FOR MEMBERS WHO HAVE COMPLETED FIFTEEN YEARS OF SERVICE ON THE ANNIVERSARY OF THE DATE THE MEMBER WOULD HAVE COMPLETED TWENTY YEARS OF SERVICE; PROVIDING FOR SEVERABILITY; PROVIDING FOR A REPEALER; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Town Council of the Town of Davie has previously adopted by Ordinance 76-13 a pension benefit for sworn Police Officers, which plan has been amended several times since; and

WHEREAS, the Town has negotiated a collective bargaining agreement providing for a cost of living adjustment (COLA) for sworn Police Officer; and

WHEREAS, the Police Pension Board has been interpreting the current plan to allow for participants who have completed at least 15 years of service to retire before they complete 20 years of service, absent authorizing language within the plan; and

WHEREAS, the cost of the COLA provision has been estimated at approximately \$500,000.00 per annum, based on current police payroll levels and the cost of the additional early retirement benefit has not been estimated;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

Section 1: Article 3 of the Town of Davie Police Pension Plan is hereby amended by adding Section 3.2.1 to read as follows:

3.2.1 Cost of Living Adjustment.

- (a) Plan participants who are receiving benefits according to a Normal or Delayed Retirement Date (as those terms are defined in the Plan) who retired or will retire on or after October 1, 1997, shall receive a two percent (2%) annual cost of living adjustment (i.e., two percent (2%) of the employee's initial retirement benefit (3.e., Form of Payment) as set forth in Article 3 of the Plan) which shall be added to their existing retirement benefit (i.e., Form of Payment) commencing on the Effective Date (as defined in section (c) below). They shall receive an additional compounded two percent (2%) cost of living adjustment (i.e., two percent (2%)) of their initial retirement benefit (i.e., Form of Payment) which is thirty percent (30%) greater than their initial

retirement benefit (i.e., Form of Payment). After having reached the thirty percent (30%) cost of living adjustment cap, the retiree shall receive no further cost of living adjustments but shall continue to receive the enhanced retirement benefit (i.e., the initial retirement benefit (i.e., Form of Payment) plus the thirty percent (30%) adjustments received) each month thereafter.

- (b) Plan Participants who are receiving benefits according to a Normal or Delayed Retirement Date (as those terms are defined in the Plan) who retired prior to October 1, 1997, shall receive a two percent (2%) annual cost of living adjustment (i.e., two percent (2%)) of the employee's initial retirement benefit (i.e., Form of Payment) as set forth in Article 3 of the Plan) which shall be added to the existing retirement benefit (i.e., Form of Payment) commencing on the Effective Date (as defined in section B(ii)(a) above). They shall receive an additional compounded two percent (2%) cost of living adjustment (i.e., two percent (2%)) of their initial retirement benefit i.e., Form of Payment) and, additionally, two percent (2%) of any and/or all subsequent cost of living adjustments received) annually thereafter until they have received a retirement benefit (i.e., Form of Payment) which is fifteen percent (15%) greater than their initial retirement benefit (i.e., Form of Payment). After having reached the fifteen percent (15%) cost of living adjustment cap, the retiree shall receive no further cost of living adjustments but shall continue to receive the enhanced retirement benefit (e.e., the initial retirement benefit (i.e., Form of Payment) plus the fifteen percent (15%) adjustments received) each month thereafter.
- (c) The Effective Date of the cost of living adjustment benefits shall be dependent upon the employee's date of retirement.

 - 1. For Plan Participants who retired prior to October 1, 1999, the Effective Date is November 1, 2004.
 - 2. For Plan Participants who retire on or after October 1, 1999, the Effective Date is the first (1st) day of the sixty-first (61st) month following their Normal or Delayed Retirement Date.
- (d) The cost of living adjustments for a surviving spouse claiming benefits of a Plan Participant shall be calculate based on the deceased Plan Participant's initial Form of Payment plus any and all cost of living adjustments received before the retiree's death.
- (e) The cost of living adjustment shall not apply to Plan Participants during participation in the DROP plan.

Section 2: Article 3 of the Town of Davie Police Pension Plan is hereby amended by adding Section 3.2.1 to read as follows:

3.1 Normal Retirement.

- (a) Normal Retirement Date. The Participant's Normal Retirement Date is the first day of the month on or next following the earlier of the date when the member ~~he~~ has reached age 55, ~~or~~ has completed at least 20 Years of Service, or, in the case of a separated vested member, the anniversary of the date that the Participant would have completed 20 Years of Service, provided that the Participant has completed fifteen years of service in the Plan.

Section 3: If any clause, section, or other part or application of this Ordinance shall be held in any court of competent jurisdiction to be unconstitutional or invalid, such unconstitutional or invalid part or application shall be considered as eliminated and shall not affect the validity of the remaining portions or applications which shall remain in full force and effect.

Section 4: All ordinances or parts of ordinances, resolutions or parts of resolutions in conflict herewith are hereby repealed to the extent of such conflict.

Section 5: This Ordinance shall become effective immediately upon adoption, except that the benefits provided for within Section One shall become effective on October 1, 1999.

PASSED ON FIRST READING THIS ____ DAY OF _____, 2001.

PASSED ON SECOND READING THIS ____ DAY OF _____, 2001.

MAYOR/COUNCILMEMBER

ATTEST:

TOWN CLERK

APPROVED THIS ____ DAY OF _____, 2001.